

CABLE SERVICES

Petition for Reconsideration
MM 92-9266

92-266

June 17, 1993

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RECEIVED

Acting Chairman James Quello
Commissioner Andrew Barrett
Commissioner Ervin Duggan
Federal Communications Commission
1919 M Street N.W.
Washington, D.C. 20554

JUN 18 1993

FCC - MAIL ROOM

Dear Acting Chairman Quello,

Please consider implementing a small cable system exemption for the rules issued per the Cable Act of 1992. Without it, most small operators will not survive.

While we started in the business in 1964. we have built

Today we received notice from local broadcasters seeking "retransmission consent". We will have to work out some 20 different agreements covering our systems. We do not have an attorney on staff, I get to do all the negotiating. We are small and have no leverage. Either pay what the broadcaster wants, or drop the network signal. It appears our customers will see either higher rates or the loss of some network signals. That is not exactly consumer friendly.

Our rates, which were low, are frozen. Now the broadcasters want a cut. You want us to lower converter rents, and drop extra outlet cost, hire more staff, work longer hours, replace our billing system, install a new phone system, attend endless local council meetings, send a myriad of subscriber notices, raise our install costs to the new HSC rate and put the up-front costs out-of-reach of many of our customers, and somehow understand and maybe present some kind of cost of service showing before a city or before the FCC based on accounting records we don't have. When your gross basic revenue for a 40 sub system is under \$800 per month, and an attorney wants \$185 per hour, you know that cost of service showings will never be done. Small systems are economically frozen and will be left to die.

We stopped all line extensions this year. We canceled plans to rebuild our systems, how do we pay for it? When we cannot charge for extra outlets, we will be forced to shut off FM radio service, as there is no way to recover our costs (plus now we have to obtain consent from numerous radio broadcasters - more paper work). We see no way to add the services the viewers want now. Ala-carte will not work in a small system nor does pay-per-view. There are no ways to recover lost revenues much less try to reinvest.

Many years ago, the FCC used 3500 as a cut-off for small systems. Based on our nearly 30 years experience, it is the absolute minimum cut-off level needed to give relief. Without a small system exemption, small rural communities will be left with no cable television service. If no relief as promised by Congress occurs quickly, privately held companies, the Mom & Pops, the pioneers of the business, will last about 2 years before being closed down by their banks or exiting the business at a fire-sale price.

We and other small cable system operators urge you to reconsider and grant the maximum relief possible necessary for our very survival.

Respectfully,



Roy A. Sheppard
President/Owner

cc: Senator Byron Dorgan
Senator Kent Conrad
Rep. Earl Pomeroy